SUMTER COUNTY BOARD OF COMMISSIONERS EXECUTIVE SUMMARY

SUBJECT:	Sun Life Assurance Company Termination Letter & Unum Life Insurance Company		
	of America Application (Staff recommends approval).		
REQUESTED ACTION:		Ratify Sun Life Termination Letter.	
	☐ Work Session (Report Only)☒ Regular Meeting	DATE OF MEETING: ☐ Special Meeting	9/13/2011
CONTRACT:	N/A	Vendor/Entity:	
	Effective Date: Managing Division / Dept:	Termination Date: Financial Services	
BUDGET IMPACT:			
Mnnual	FUNDING SOURCE:		
Capital EXPENDITURE ACCOUNT:			
N/A			

HISTORY/FACTS/ISSUES:

The Sumter County Board of County Commissioners (BOCC) has an insurance contract expiring September 30, 2011 with Sun Life Assurance Company for Short-Term and Long-Term Disability insurance. The Willis Group, the BOCC Broker of Record as of October 1, 2011 received proposals from nine companies for these services (see attached 2012 Sumter County Marketing Analysis 09.1.11.pdf). After reviewing all options, the BOCC staff with concurrence from Willis, recommends that the Short/Long-Term Disability insurance contract with Sun Life be terminated and moved to the Unum Life Insurance Company effective 10/01/2011. The recommendation is based on items below.

Marketing Analysis Summary:

STD (BOCC funded benefit)

- 1. Premiums
 - a. Sun Life proposed increasing premiums by \$28,317.52 to \$106,858.56 or 36.1%
 - b. UNUM proposed premiums of \$69,458.06 which is \$9,082.98 less than the current rates with Sun Life or 35% less than Sun Life's proposed rates.
- 2. UNUM offers minimum payout of \$25 to participants on STD, Sun Life offers \$0
- 3. Residual Disability UNUM offers "residual" coverage while Sun Life offers only "partial". The major difference between partial and residual is with partial, the employee must be totally disabled during the elimination period (the length of time between when an injury or illness begins and when the employee begins receiving benefit payments from an insurer) to qualify for benefits and then can work part time and collect a benefit upon completion of that elimination period. With residual, the employee never has to be totally disabled to collect a benefit.
- 4. Pre-existing Conditions none with Unum; not included with Sun Life

LTD (employee optional)

- 1. Premium Unum included a three year rate guarantee vs. two year with Sun Life. Unum rates remain constant with our current rates; Sun Life proposed a 9.9% increase.
- 2. Unum "residual" the LTD contract never requires the insured to be totally disabled. Even during the elimination period the insured can work part time and still satisfy the elimination period as long as they are LIMITED from performing the material duties. In fact, NO earnings loss is required during the elimination period so the insured can receive 100% of income during

that time.

- 3. Return to Work Incentive offered by UNUM, not Sun Life; this benefit provides Sumter County incentives to bring employees back to work. An example of an incentive would be payment by Unum for costs to put in a special ramp needed for someone in a wheelchair to return to work.
- 4. Child Care provides funds to cover child care while an employee is on disability.
- 5. Spouse or Elder Care provides funds to cover costs for Spouse or Elderly care that an employee would normally be paying for but cannot due to the disability.
- 6. EAP Unum includes Work Life Assistance Program; none with Sun Life

The current contract with Sun Life requires a thirty-day notice to terminate the agreement. Due to time constraints in providing notice, a letter of termination signed by the County Administrator (attached 9.1.2011 Sun Life Notice of Termination Letter.pdf) was sent to Sun Life on September 1, 2011. Additionally, the attached Unum application has been forwarded to the Willis Group for processing.

It is requested that the Sumter County Board of County Commissioners ratify the attached Sun Life Letter of Termination.